



DEFENSE FINANCE AND ACCOUNTING SERVICE
DENVER CENTER
6760 E. IRVINGTON PLACE
DENVER, COLORADO 80279

DFAS-DE/POSA

AUG 27 2001

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Revised Procedures for Obtaining Collection Assistance for
Delinquent Individual Out-of-Service Indebtedness

To comply with revised Treasury instructions issued to implement the Debt Collection Improvement Act (DCIA) of 1996 and to reflect a cost-driven threshold for the manual submission of these cases for collection assistance, Chapter 28 of Volume 5 of the DoD Financial Management Regulation, DoD 7000.14-R, was recently revised. An extract from the revised regulation is attached. The revision has been coordinated and submitted through channels to the Office of the Under Secretary of Defense, Comptroller (OUSD(C)) and publication is scheduled for the Fall of 2001.

With regard to the manual submission of delinquent individual out-of-service indebtedness cases to the Debt and Claims Management Directorate, DFAS-DE/PODE, three major changes are included in the revision. These changes include the use of transmittal letters to control the manual submission of delinquent individual out-of-service debt cases for collection assistance, a cost-based threshold of \$225 for these debts, and a certification regarding their validity and amount. Since the DCIA of 1996 requires ultimate submission of all uncollectible debts to the Treasury, this initial certification of manually submitted debt cases will support any subsequent certification of uncollectible delinquent debts to the Treasury.

Pending publication of the revision, use the attached procedures to manually submit delinquent individual out-of-service debt cases for collection assistance to DFAS-DE/PODE on and after October 1, 2001. Also, please pass a copy of the revised procedures to the customers you serve and to other interested local offices.

My project officer is Mr Dan Wagle, DFAS-DE/POSA, (303)-676-3372.

Robert T. Ledford
Director, Debt and Claims Management

Attachment:
As stated

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★2803 DMO COLLECTION ASSISTANCE FOR OUT-OF-SERVICE (OOS) DEBTS

★ 280301. Collection Assistance for Installation Delinquent Individual OOS Debts. OOS indebtedness occurs when an indebted individual is no longer receiving salary or pay that can be offset to collect a debt owed to a military service or Defense agency. Installation OOS debts are generated by various creditor components (CCs) such as Defense Intelligence Agency, National Imagery and Mapping Agency, Financial Service Offices, Defense Accounting Offices, Operating Sites, Defense Military Pay Offices, Joint Personal Property Shipping Office, military hospitals, installation housing offices, military banking facilities, civilian pay offices, transportation offices, and education offices. CCs generally make the initial demand for debt payment and accomplish a maximum of two follow-up actions. Thirty days after the second follow-up (45 days if mailed to an overseas address), and providing that any previously initiated actions such as reclamation, appeal, litigation, and foreclosure are completed, the CC transfers delinquent out-of-service debts to the OOS Debt Management Office (DMO), DFAS-DE/PO, for servicing, collection, compromise, suspension, or termination of collection action, write-off, and close-out. The Defense Debt Management System (DDMS) is operated and maintained by the DMO and is used to provide efficient centralized cost effective collection assistance for delinquent OOS debts that are under the accounting control of appropriated funded activities for credit upon collection to an appropriated fund line of accounting or its successor line of accounting. Activities that submit debts to the DMO must research and verify the military status of debtors to ensure that only the debts of OOS debtors are referred. Activities not serviced by operating sites of the DFAS may obtain DDMS debt collection services by entering into a support agreement with the DMO. However, the DMO does not collect debts held by nonappropriated fund instrumentalities (NAFIs), base or post exchanges (BXs or PXs), or commissaries. These categories of debts and any other debts the DMO is not authorized to collect will be rejected back to the referring activity. The DDMS will facilitate centralized processing of remittances. Cash management criteria will be considered and TD mechanisms will be used to process remittances.

A. After all local collection actions are completed, CCs transfer delinquent OOS debts above the threshold, presently set at \$225 or more, to the OOS DMO for collection assistance. Unless there is some meaningful ongoing action to collect a debt, the transfer action will normally be initiated at or before the date the debt is 90 days delinquent. To avoid costly reconciliation with CCs transferring debts to the DMO for collection assistance, the DFAS Centers use data provided by the DDMS to establish and maintain accountability for these debts at the Departmental level. Controlled transmission procedures are used to ensure debts sent by CCs are received at the DMO and to preclude dual reporting or omission of debts in the Departmental accounting reports.

B. CCs prepare and submit a debt transmittal letter, in duplicate, to the DMO as required, but no less frequently than weekly, when delinquent debts are on hand, to DFAS-DE/PODE, 6760 E. Irvington Place, Denver, CO 80279-7000. The transmittal letter is used to control transmission of debt cases and the body of the transmittal letter will identify all attached debt case files by name, social security number (SSN), and amount. Provide the name and telephone number of a point of contact. Include all background debt documentation material in the debt case files, such as the name of the installation and location, copy of the original bill or other demand for payment, the original debt principal amount with complete accounting classification

and fiscal year to be credited with any collections, the date the debt became known, the date the debt was due, accrued interest, administrative charges, penalty fees, copies of any follow-up correspondence, amounts and dates of any prior collections and accounting classification credited, available information on the debtor's branch of service, SSN, military status, sponsor's SSN, date of separation for members or employees whose period of service or employment ended with an indebtedness, copy of DD Form 139, and any other relevant memoranda or data regarding the debt. In addition, the transmittal package must include a statement certifying that the amounts of the debts transmitted are correct, and that the debts are delinquent, valid, and legally enforceable (Figure 28-2). Debts not collectible, debts requiring additional CC collection action, or debts with incomplete documentation will be returned to the transferring activity with an explanation of the reason for the return. After correction of any defects, resubmit the debt to DFAS-DE/PODE by including it on a subsequent transmittal. Do not resubmit using a copy of the original transmittal letter.

1. The CC assigns a unique nine-digit transmittal number to each transmittal to control debt transfers. Transmittal numbers are derived using the date and the number of the transmittal on that date. Express the date using the calendar year and Julian date of the transfer. For example, assign transmittal number 200008801 to the first transmittal of March 28, 2000. If multiple offices or activities at a single CC location transfer debts to the DMO, procedures must be implemented to ensure transmittal numbers are not duplicated. Accomplish this using a central transmittal number control log or other similar method.

2. As CC transmittals are received and worked, the DMO will determine the transfer effective date (TED) for entering the debts in the DDMS for collection action. The DMO will annotate the TED on the duplicate copy of the transmittal letter and return it to the submitting CC. On the TED, the CC will remove accountability for transferred debts from their records. Remove accountability as prescribed in governing accounting regulations, such as Volume 4, Chapter 3, of this Regulation. The DMO will enter the debt in the DDMS on the TED. For the quarterly Report on Receivables required by the TD and Volume 6A of this Regulation, Section 0503, use Line 5 to report the transfers-out and transfer-in of these debts. Data recorded in the DDMS are then made available to the DFAS Center supporting the CC to assist the DFAS Center, as required, in the fund and financial accounting and periodic reporting of these debts. DFAS Centers establish debt accountability at the minimum level of detail necessary to fulfill accounting and reporting requirements.

C. Once debts are entered in the DDMS, aggressive collection action is accomplished. The delinquent debt collection steps are illustrated in figure 28-1, and include referral for collection by private collection agencies, reporting to credit bureaus, obtaining offset under the TOP, and submitting to the DOJ for possible litigation. In the case of deceased debtors, the DMO uses DD Form 2840, Request for Information Regarding Deceased Debtor, to seek information from state probate courts concerning the establishment of an estate and pursues collection of the indebtedness in this manner, as appropriate. A debtor may send a payment to the transferring CC while a debt is undergoing collection action at the DMO. Should this occur, the CC will collect the payment into the applicable suspense account and then disburse it to the DMO using a check or OPAC transaction so the debtor's account can be updated. Be sure to include the debtor's name and SSN so the proper account can be credited. Send Treasury checks to DFAS-

DE/PODA, 6760 E. Irvington Place, Denver CO 80279-7000. Send OPAC transactions to DFAS-DE/ADC, ALC: 00-380100.

D. Installation generated debts greater than \$1 of retired military personnel for collection from retired pay accounts are sent to the OOS DMO according to this paragraph. Upon receipt the DMO bills and attempts to collect from the debtor. If this is unsuccessful, the DMO then refers these debts to DFAS Cleveland Center for retired pay offset.

E. If 60 days have elapsed from the date of a CC transmittal and there has been no response, the CC will follow-up with the DMO to obtain status on the transmittal.

**CERTIFICATION STATEMENT
TO ACCOMPANY DEBTS MANUALLY SUBMITTED
FOR COLLECTION ACTION BY THE
DEFENSE DEBT MANAGEMENT SYSTEM (DDMS)**

Pursuant to 28 U.S.C. § 1746, I certify under the penalty of perjury that to the best of my knowledge and belief that the debts submitted herewith manually are delinquent, valid and legally enforceable in the amounts stated. The debts are not subject to any circumstances that legally preclude or bar collection, including collection by offset. Records available do not show that any debtor owing a debt has filed for bankruptcy protection.

Date

Signature of Debt Certifying Official

Print Name

Title:

Office Symbol:

PREPARATION AND SUBMISSION INSTRUCTIONS

REQUIRED SIGNATORY: The submitting office's Director, Deputy Director, or designee.

MANUAL DEBT SUBMISSION: Prepare and send a copy of the Certification Statement along with each manual submission of debts on and after November 1, 2000.

ELECTRONIC DEBT SUBMISSION: Prepare and mail a copy of the Certification Statement to cover the November 2000 electronic submission of debts to: DFAS-DE/POSA, 6760 E. Irvington Place, Denver CO 80279-7000. Prepare and mail a new Certification Statement whenever the signatory changes. For those periodic electronic debt submissions when it is not necessary to reissue and mail a hard copy Certification Statement (i.e., no change in signatory), e-mail the Certification Statement to cover the electronically transmitted debts. Contact DFAS-DE/POSA to obtain the current e-mail address for submission of e-mailed certifications.

★Figure 28-2, Debt Certification Statement.